also retired, since the close of 1092, after long periods of useful public service. Captain F. E. Welch, Commandant of the First Battalion, Nayar Brigade, reverted to the British service. Mr. T. R. Ratnam Aiyar, Chief Account Officer and *ex-officio* Financial Secretary to Government, proceeded on leave preparatory to retirement, in Edavam 1092, and Mr. N. Narayana Pillai, Senior Assistant Account Officer, was promoted to that post. Mr. Narayana Pillai died suddenly a few months after assuming charge and the service has lost in him an unassuming, honest and popular officer. The unexpected death of Mr. K. Kochukrishna Marar, Additional Puisne Judge of the High Court, who was only very recently appointed to that post from the High Court bar, is a heavy public loss. I have also to chronicle the sad death in action of Mr. A. W. Thomas, one of the four engineer officers of the State engaged in war duty. Mr. Thomas was a young and promising officer and his untimely death is deeply deplored.

FINANCE.

5. **Summary of transactions.**—The revenue and receipts of the State rose from Rs. 1,52,79,386 in 1091 to Rs. 1,63,43,576 in 1092 and the ordinary expenditure from Rs. 1,45,75,660 to Rs. 1,53.24,370, resulting in a surplus of Rs. 10,19,206. Including the capital outlay on the Extension of the Railway from Quilon to Trivandrum amounting to Rs. 11,93,112, the total expenditure of the year was Rs. 1,65,17,482, giving a net deficit of Rs. 1,73,906. The assets of the Government at the end of 1092 amounted to Rs. 1,26,55,608 and the liabilities to Rs. 82,72,247, leaving a closing balance of Rs. 43,83,361. The revenue for the year was the highest on record, showing an increase of Rs. 8,68,911 over that for 1089, the year immediately preceding the war. It is gratifying to note that the receipts from as many as four out of the six main sources of revenue, *viz.*, 'Forest', 'Excise', 'Customs' and 'Stamps', have reached higher figures than those in any previous year. The receipts under 'Land Revenue' would also have exhibited similar results but for the modification in the system of budget classification introduced in recent years in regard to that source of revenue. The expenditure for 1092 was also the highest on record, if the abnormal year of 1090 be left out of account. In almost all branches of administration and particularly in those intimately connected with the well-being of the people such as 'Education', the expenditure was liberal as in the preceding years.

6. The balance to the credit of the Government, which stood at Rs. 75,78,050 at the close of 1087, fell to Rs. 43,83,361 at the close of 1092 as already stated. Against this, however, it has to be noted that an outlay of Rs. 41,48,105 has been incurred during the last five years from the general revenues on the Extension of the Railway from Quilon to Trivandrum, and that, if this expenditure were not taken into calculation, the results would show a net surplus of Rs. 9,53,416—a feature by no means unsatisfactory in view of the general depression in commerce and business activities caused by the war. The present financial position of the Government may, no doubt, be taken as sound. It will, however, be necessary in future to guard against any unlimited growth of expenditure, while at the same time the need for the natural expansion of the several departments has to be borne in mind and adequately provided for, which can only be done by a further development of the resources of the State.

7. **Sinking Funds.**—You are already aware of the Sinking Fund created in 1088 to meet the capital liability of the State, amounting to Bh. Rs. 1,18,47,367, on account of the Shencottah–Quilon Railway. A sum of two lakhs of British rupees is paid from the general revenues every year to the credit of this fund for discharging the entire liability by 1944 A. D. Another Sinking Fund on a smaller scale was started in 1092 to repay the Debenture loan of Bh. Rs. 14,49,000 raised by the Government for meeting a portion of the outlay required for the Quilon–Trivandrum Extension of the Railway. A sum of Rs. 36,600 will be annually paid to this fund for a period of 25 years, at the close of which the loan will be discharged.

8. **Account Office.**—In 1085, the Darbar obtained the loan of the services of Mr. F. D. Gordon of the Indian Finance Department for examining its system

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